

## **Leading Sectors for U.S. Export and Investment**

### **Commercial Sectors**

- ☐ Oil and Gas - Hydrocarbons
- ☐ Information and Communications Technology
- ☐ Public Works, Infrastructure Development, and Water Resources
- ☐ Healthcare

### **Oil and Gas – Hydrocarbons**

#### **Overview**

Algeria is one of the world's top ten producers of both oil and natural gas. Existing upstream and midstream infrastructure is aging and inadequate to meet Algeria's near-term production goals. We expect new investment in these areas, particularly as new undersea gas pipelines to Europe are constructed. By law, the national oil company, Sonatrach, must hold a 51-percent share in all oil and gas projects. Tenders for investments and for project contracts may be offered competitively or by invitation. Liquefied natural gas (LNG) is a vitally important export for Algeria, with new facilities under construction. Sonatrach intends to increase its exports of natural gas to 100 billion cubic meters by 2015, up 60 percent from current levels. Downstream opportunities remain limited, although Sonatrach recently announced a \$68 investment program mainly in downstream projects, due largely to consumer-level fuel price caps, but changes to the law in 2008 broke the state monopoly on the delivery of refined products.

#### **Sub-Sector Best Prospects**

- ☐ Seismic and other exploration and development services
- ☐ Drilling equipment
- ☐ Well testing technology
- ☐ Facility construction equipment and services
- ☐ Temporary structures

#### **Opportunities**

While the most recent bid round was not as successful as intended, previous exploration projects will reach development stage in the coming 24 months that should generate new and potentially large opportunities in oil and gas services. The Algerian Gas and Electricity Regulatory Commission announced in 2010 that Algeria will increase its investments in power generation by around 7,000 megawatts to meet local demand by 2017. To meet this need, Algeria's state-owned electricity and gas utility, Sonelgaz, will invest nearly \$30 billion to expand and upgrade power generation and distribution capacity. Of the total investment, \$5 billion will be allocated to generation, \$8 billion to transmission, \$3 billion to gas shipping, and more than \$6 billion to distribution. Sonatrach approved a \$60-billion 2011-2015

investment plan 57% of which will be for exploration and production. The other major areas of investment include downstream petrochemical industry investment, hydrocarbon transportation facilities, and hygiene, safety, and environment protection.

### **Web Resources**

- ☐ Ministry of Energy website: <http://www.mem-algeria.org>
- ☐ Sonatrach website: <http://www.sonatrach-dz.com>
- ☐ Sonelgaz website: <http://www.sonelgaz.dz/>
- ☐ Commercial Specialist Kamal Achab: +213-770-082093;  
[kamal.achab@mail.doc.gov](mailto:kamal.achab@mail.doc.gov)

## **Information and Communications Technology**

### **Overview**

Algerians are increasingly tech-savvy and interested in technology and know-how transfer in the Information and Communications Technology (ICT) sector. Government ministries are also interested in process modernization and digitization of recordkeeping. Home Internet penetration rates remain below 10 percent, but business Internet usage is estimated at over 40 percent. Mobile phones (GSM) are commonplace, and Algeria is looking toward fourth-generation technology. Other services, such as GPS-based technology, also show potential.

### **Sub-Sector Best Prospects**

- ☐ Mobile phones and accessories
- ☐ Mobile phone add-on services
- ☐ Business-to-business information management and strategies
- ☐ Internet connectivity and backbone equipment and services
- ☐ GPS-related technology and services
- ☐ Wimax, WIFI, e-government, e-business, 3G

### **Opportunities**

Several key government ministries have started the process of modernizing and digitizing their records, including the tax authority. These are large undertakings, requiring various consultative and solutions-based services. Government agencies are also providing increasing amounts of information on the Web and need Web-based information management services. Business-to-business opportunities for ICT strategies and solutions will increase. WiFi, though still in its infancy in Algeria, is a highly-desired technology particularly among potential government and business end-users. The e-Algeria 2013 Strategy is a GOA program that aims to provide e-government and e-business solutions and nearly 300 on-line services for Internet users in Algeria. In 2009, Algérie Telecom, Algeria's state-owned

phone company, announced a major 5-year \$6 billion infrastructure development plan.

### **Web Resources**

- ☐ Algerian Post and Telecommunications Regulatory Authority (ARPT): <http://www.arpt.dz>
- ☐ Algérie Telecom: <http://www.algerietelecom.dz>
- ☐ Touiza (ISP association) contact info: Phone: +213-21-542-873 Fax: +213-21-542-872

### **Public Works, Infrastructure Development and Water Resources Overview**

The government has simultaneously focused on roadways, rail systems, airport upgrades, public housing, hospital construction, water treatment, transportation, and electrification as part of a \$286 billion infrastructure development program. U.S. firms have not capitalized on these opportunities, in part due to the opaque and slow Algerian government bureaucracy. However, the Algerian government has recently sought U.S. Embassy assistance in attracting more U.S. firms to the market. In some sectors, the government has signaled a renewed interest in quality, and U.S. firms are finding access to subcontracts offered through targeted bidding tenders.

### **Sub-Sector Best Prospects**

- ☐ Construction machinery and equipment
- ☐ Civil engineering services
- ☐ Portable power generation systems for construction sites
- ☐ Localized power generation systems for isolated communities
- ☐ Water treatment and transportation products and equipment

### **Opportunities**

Water treatment and reclamation, remote sensing and safety systems for Algerian dams, and hydroelectric projects are areas of significant opportunity. The Algerian government has allocated around \$20 billion (of its \$286 five-year infrastructure program) to developing water resources.

Priority projects include:

- Drinking water distribution improvement
- Improve wastewater treatment / water pollution control
- Building 32 dams and 25 water transfer systems
- Completion of all desalination stations under construction

The GOA plans to build 32 new water dams and 25 large water transfer systems with a total value of \$10 billion; 40 wastewater treatment plants with a value of \$1 billion; Irrigation and drainage projects amounting to

\$700 million; and water distribution systems for 37 cities amounting to \$1 billion.

Transportation infrastructure is also a priority area for the government and projects include Rail systems, Roads, and Airport modernization. For the development of rail services, the Algerian government is investing \$87 billion to develop a 1,300 km highspeed east-west line that will run from Tunisia to Morocco. The line will include branches that will connect with major ports and cities. The GOA is also planning to modernize the existing network and electrify existing rail operations. Algeria's rail network currently covers the northern part of the country and includes 4,200 kilometers of track -- 3,660 of which are standard gauge and 1,140 of which are narrow gauge. Road modernization includes feeder highways to the just completed 1200 km east-west highway.

The project will require rock crushing and screening stations, placement of fiber optic lines along the highway, tele-surveillance systems for road safety, as well as a large number of gas stations. Development of asphalt bitumen and civil engineering project management will be needed to realize Algeria's road construction goals.

The government of Algeria is spending \$500 million on airport infrastructure modernization. Projects include asphalt renewal and extension of landing strips at most major cities and construction of heliports around the country. Algeria currently has 36 airports open for civilian air traffic, 16 of which provide international as well as domestic service. Civil aviation air traffic management and training, port improvement, and communications solutions offer good opportunities for U.S. firms. The construction of a container terminal for Djendjen also represents an interesting opportunity. The Transportation Ministry says it has a \$66 billion budget for projects for 2005 - 2013.

Electric power generation projects, renewable energy projects including wind and solar, and modernizing/expansion of mining operations are also significant opportunities in Algeria. In January 2011, the Ministry of Energy and Mines announced a multi-year program to develop renewable energy and technology in Algeria. The Ministry is targeting wind, solar, and geothermal energy production with an eye toward large scale deployment and possible domestic production. The ministry's goal is to meet up to 40% of Algeria's energy needs from renewable sources by 2030. The Ministry of Energy and Mines estimated the necessary investment to be between \$90 and \$120 billion through 2030.

## **Web Resources**

- ☐ Ministry of Public Works: <http://www.mtp-dz.com>
- ☐ Ministry of Finance: <http://www.mf.gov.dz/>
- ☐ Ministry of Mines and Energy: <http://www.mem-algeria.org/english/index.php>
- ☐ Sonatrach: <http://www.sonatrach-dz.com>
- ☐ Commercial Specialist Kamal Achab: +213-770-082093; [kamal.achab@mail.doc.gov](mailto:kamal.achab@mail.doc.gov)

## **Healthcare**

### **Overview**

Despite the ban on importation of pharmaceuticals that can be produced domestically, the healthcare sector continues to be a relatively attractive market. The demand for medical equipment and disposals is considerable and depends largely on imported goods. The living standard of the population is improving, albeit slowly. There has been an increased incidence in reporting of hypertension, diabetes, respiratory and cardiovascular diseases, and allergies. Algerians are increasingly conscious of cutting-edge medical services, such as laser corrective eye surgeries, panoramic dental radiology, and plastic surgery. U.S. technology and products are often perceived as high quality, and the strong euro makes U.S. products price-competitive.

### **Sub-Sector Best Prospects**

- ☐ Medical equipment and supplies, including diagnostics and imagery equipment
- ☐ Hospital and outpatient clinic design and construction services
- ☐ Hospital and medical office administration software and solutions
- ☐ Low-intensity cosmetic surgery

### **Opportunities**

Construction of 200 new public hospitals and private clinics throughout Algeria over the next decade will increase demand for medical equipment and supplies, as well as medical construction services. Algerians increasingly turn to private clinics for outpatient care. Opportunities will increase for the design and management of such facilities as well as cutting-edge diagnostics and treatment equipment. Cosmetic surgery is not yet common, but consumer interest could boom.

### **Web Resources**

- ☐ Algeria Health Sector information portal: <http://www.ands.dz>